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Security Information

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Questions

- IV. D. If a naval blockade were maintained over an extended period of time - 2 to 5 years:
1. Could the USSR progressively increase its economic assistance to Communist China?
  2. What would be the probable trend in the industrial sector of the Chinese Communist economy? In the monetary and fiscal situation? In transportation? In agricultural production and distribution? On the over-all economic, political, and military strength of the regime?

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Discussion

IV. D.

1. Under the conditions of a naval blockade the USSR could progressively increase its assistance to Communist China as transportation links between the two countries are improved.

2. The effects of a blockade on the industrial sector of the Chinese Communist economy over a 2 to 5 year period would be to (a) give higher initial priorities to the development of the transportation sector of the economy at the expense of industrial expansion, (b) force increased availment of agricultural products and minerals needed to balance increased imports from the Bloc, (c) force development of substitutes for chemical fertilizers and gunny sacks, (d) stimulate development of a synthetic rubber industry, and (e) force greater effort to increase domestic production of textiles and paper.

The long-range effects would probably not affect the military establishment directly. There would be some slow-down in the development of heavy industries capable of producing more complicated military end-items. However, Communist China is already dependent on the USSR for most of its military equipment and munitions.

There would be an increase in China's debts to the Soviet Bloc, and present standards of living would be difficult to maintain. There might be some slight per-capita reduction in agricultural production. However, the food supply is already largely under government control through its taxes-in-kind, cooperatives and government trading organizations so that the problems of distribution of agricultural products encountered in the initial stages of a blockade could be adjusted over the longer period.

In general, the economic strength and controls of the regime should increase at a rising rate. (Refer to separate discussion of this point under the "Production Goals for 1953 Under Communist China's First Five Year Plan.")

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